

VZCZCXRO1546
RR RUEHBZ RUEH DU RUEHJO RUEHMR RUEHRN
DE RUEHSA #2666/01 3440541
ZNR UUUUU ZZH
R 090541Z DEC 08
FM AMEMBASSY PRETORIA
TO RUEHC/SECSTATE WASHDC 6671
RUCNSAD/SOUTHERN AF DEVELOPMENT COMMUNITY COLLECTIVE

UNCLAS SECTION 01 OF 03 PRETORIA 002666

SENSITIVE BUT UNCLASSIFIED
SIPDIS

DEPT FOR EEB/CIP/KATHERINE TOWNSEND

E.O. 12958: N/A
TAGS: [ECPS](#) [EIND](#) [EINV](#) [EINT](#) [ETTC](#) [SOCI](#) [TINT](#) [USTR](#) [SF](#) [CH](#)
SUBJECT: CISCO ADDRESSES ICT SKILLS SHORTAGE IN SOUTH AFRICA ONE
CLASS AT A TIME

REF: PRETORIA 2665

¶1. (SBU) Deputy Chief of Mission (DCM), Commercial Counselor, Economic Counselor and ICT Officer attended the graduation of the inaugural class of Cisco Global Talent Acceleration Program on November 28. The DCM provided the key-note address at the graduation ceremony. Cisco executives outlined the company's investments in South Africa, which included educational initiatives aimed at improving skills development through their Innovation Hub. They also raised concerns about unscrupulous Chinese commercial activities in the African ICT sector. Embassy Officers offered advice on neutralizing the impact of Chinese activities.

CISCO GLOBAL TALENT ACCELERATION PROGRAM
FACILITY TO SERVE AS A FOUNDATION FOR
ICT SKILLS DEVELOPMENT IN SUB-SAHARAN AFRICA

¶2. (U) Cisco celebrated the graduation of its inaugural class of Global Talent Acceleration Program (G-TAP) students in Johannesburg on November 28. The DCM provided the keynote address and congratulated the 14 graduates for their achievements and challenged them to utilize their skills to positively impact their communities and nation. Cisco G-TAP Program Director John Livingstone also addressed the graduates and explained that the South African program is only one of three training academies of its type in the developing world. The Gauteng facility (launched in January 2008) was the second G-TAP initiative to be launched in emerging economies, following the establishment of a facility in Amman, Jordan last year. A third center has since been launched in Bangalore, India with addition facilities slated for China and Latin America.

¶3. (U) Cisco selected South Africa as the launch pad for its G-TAP in Sub-Saharan Africa to support emerging African governments and organizations in addressing ICT skills shortages. These skills are crucial to helping SA's economy grow. Developing countries lag in broadband ICT adoption. Research shows ICT and broadband adoption can have a positive and measurable effect on gross domestic product of two to three percent. G-TAP is a long-term Cisco initiative aimed at developing next-generation local network consulting engineers (NCEs) for the company and its clients. Recruits for the first class were geographically diverse and the overwhelming majority of trainees were from historically disadvantaged groups.

¶4. (U) The initial focus of the Gauteng G-TAP facility was on South Africa where Cisco aims to employ and train South African-based recruits at the professional and associate levels. Selected trainees participated in a rigorous program that combined theory, industry exposure and hands-on experience. These trainees received a salary and underwent training in small groups. This enabled G-TAP to put a strong emphasis on technical and professional training and mentorship, as well as on-the-job training in North Carolina. The majority of the graduates are expected to be absorbed by Cisco. The remaining graduates should be offered employment with a Cisco partner company.

15. (U) Cisco executives hope to expand the reach of the South African G-TAP facility in three directions within the next twelve to eighteen months. Initially, a professional track will be added to attract students with three to five years' work experience. Next, Cisco partners will have the opportunity to enroll their own employees in G-TAP. Finally, students will be recruited to the employees in G-TAP. Finally, students will be recruited to the Johannesburg facility from a range of countries in emerging Africa, effectively positioning South Africa as a technology leader in the region.

16. (U) The entire Sub-Saharan African region is experiencing tremendous growth in ICT, but skills shortages are reducing the full economic impact of the boom. Instead of importing talent from other regions on a temporary basis, G-TAP helps Cisco to provide customers with a long-term solution in the form of a highly-skilled and well-trained local work force. Cisco executives plan on recruiting talent from the Southern Africa Development Community (SADC) next year. They cited Namibia and Angola as the countries in the region with the most potential for ICT growth. In the longer term, they would also like to develop talent from Nigeria. The skills that G-TAP provides to its graduates contribute to the development of the local knowledge base and infrastructures that are critical for accelerating and sustaining economic growth.

OTHER SKILLS DEVELOPMENT INITIATIVES

17. (U) Cisco announced a R215 million (\$21.2 million) investment for its Innovation Hub Technology Center in September. A series of programs coordinated through the hub are expected to drive R1

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billion (\$100 million) in gross domestic product growth over five years. The Innovation Hub Technology Center will host ICT initiatives including an Innovation Lab, the G-TAP, the Cisco NetVarsity, an Entrepreneur Institute, and a Software Development Program. The Innovation Hub Technology Center is expected to create a minimum of 200 direct and 800 indirect employment opportunities. This includes the advancement of intellectual property rights expertise, the development of design and network engineers, local software development, state-of-the-art networking communications laboratories, access to business guidance, and a showcase for venture capital providers looking to fund solutions or businesses incubated in the hub. Cisco hopes these initiatives will cultivate entrepreneurial awareness and develop technical skills in South Africa.

SOUTH AFRICAN ICT BUSINESS CLIMATE

18. (SBU) In response to Embassy queries about the business climate, Cisco executives noted a positive change in the tone of their relationship with the South African government and government-controlled Telkom after the recent change in government. (Note: President Mbeki was ousted following a change of leadership in the African National Congress in September 2008.) However, they also observed delays in the business decision-making cycle at all levels of government in anticipation of the spring 2009 general election and expected transition in the national leadership. They cited the drawn-out legal battle between the Department of Communications and ICT company Altech regarding new network licenses as slowing down ICT liberalization (Reftel) in South Africa. They are also noticed inflation in the costs of licenses for new entrants.

19. (SBU) Cisco executives added that they had reached a significant breakthrough in their relations with Telkom after two to three years of difficult negotiations. Cisco recently signed a Memorandum of Understanding with Telkom and Telkom officials are beginning to realize that they will need Cisco assistance to become more competitive in an increasingly competitive ITC market. Telkom CEO Ruben September directly calls Cisco counterparts now when he used

to fail to respond to their calls. According to Cisco executives, Telkom has already wasted time in transitioning to a more liberalized ICT market due to bureaucratic inefficiencies. Now that Telkom is facing stiff competition with the end of its monopoly regime, September has acknowledged that the company will "need support to transition to a real-world, market-based system."

CONCERN REGARDING CHINESE
BUSINESS PRACTICES

¶10. (SBU) Cisco executives expressed concern regarding unscrupulous Chinese business practices in the Southern African ICT market. The said the Chinese competitors employed "strange tactics and behaviors" that could undermine Cisco's investments in the region. For example, public sector officials are "being flown first-class to China and wine and dined." Executives also noted that the Chinese government has announced a desire to match U.S. trade with South Africa and to open a network center to promote this goal. Cisco executives are not worried about raising capital for their initiatives in South Africa. However, they are worried that the Chinese "advocacy" activities might influence South African government decision-making.

¶11. (SBU) The DCM encouraged Cisco executives to work with the U.S. Mission to promote their positive contributions to the South African ICT sector. The Economic Counselor expressed an intent to compile information on the positive corporate social responsibility initiatives being implemented by U.S. ICT companies to assist with advocacy efforts. The Commercial Counselor suggested that the USG could also organize orientation visits for South African officials to the U.S. In addition, the USG could offer to host conferences or provide other technical assistance.

¶12. (SBU) Comment. South Africa is on the brink of an ICT broadband revolution in the next year or two with the introduction of market-based competition and increased infrastructure investment. However, high unemployment rates, lack of access to technology, and a lack of qualified local ICT professionals have thwarted efforts to fully realize the benefits of improved efficiency and productivity that usually accompany ICT adoption. Initiatives launched by Cisco and other U.S. ICT companies to develop entrepreneurial and technical skills would begin to address the dual problems of high unemployment and skills deficiencies, one of the major constraints to economic growth in the country. These initiatives would also help to alleviate the high levels of social and economic inequalities by providing training and employment opportunities to

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historically disadvantage groups. End Comment.

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